

# LOC Investment Advisers

**SEC FORM ADV PART 2A**

**March 26, 2019**

LOC Investment Advisers  
3981 Teays Valley Road  
P.O. Box 537  
Hurricane, WV 25526  
1-800-345-5350  
[www.lanhamodell.com](http://www.lanhamodell.com)

This Brochure provides information about the qualifications and business practices of LOC Investment Advisers. If you have any questions about the contents of this Brochure, please contact us at 1-800-345-5350. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. LOC Investment Advisers (LOC) is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about LOC Investment Advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. According to the SEC’s new requirements and rules, LOC provided a complete brochure in 2011 and we have provided an annual update in each subsequent year.

In 2014, Lanham O’Dell & Company, Inc. officially commenced doing business as LOC Investment Advisers to emphasize that the legacy of quality investment advice and high touch service will extend beyond the founders to a growing team of very experienced, highly capable professionals. Throughout this document, you will note we refer to our firm as LOC Investment Advisers (LOC).

We do not have material changes for our current Brochure, however, please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 26, 2019.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information at any time without charge. Currently, our Brochure may be requested by contacting Mary Casey O’Dell Dixon, Chief Compliance Officer at (304) 757-8131 or [marycasey@lanhamodell.com](mailto:marycasey@lanhamodell.com).

Our Brochure is available on our web site [www.lanhamodell.com](http://www.lanhamodell.com), also free of charge. Additional information about LOC Investment Advisers is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with LOC Investment Advisers who are registered, or are required to be registered, as investment adviser representatives of LOC Investment Advisers.

## **Item 3 -Table of Contents**

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	3
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9 – Disciplinary Information	4
Item 10 – Other Financial Industry Activities and Affiliations	4
Item 11 – Code of Ethics	4
Item 12 – Brokerage Practices	5
Item 13 – Review of Accounts	6
Item 14 – Client Referrals and Other Compensation	6
Item 15 – Custody	6
Item 16 – Investment Discretion	6
Item 17 – Voting Client Securities	6
Item 18 – Financial Information	6

#### **Item 4 – Advisory Business**

Lanham O'Dell & Company, Inc., now doing business as LOC Investment Advisers, was founded in 1981. The company registered with the Securities and Exchange Commission (SEC) as a Registered Investment Adviser under the Investment Advisers Act of 1940 on February 10, 1982. The corporation was started by David W. Lanham and Robert L. O'Dell.

The company's investment management process is managed by a four-person investment committee which consists of David W. Lanham, CFP®, AIF, Robert L. O'Dell, CFP®, Sean Mayberry, CFA®, CFP® and Mary Casey O'Dell, CFA®. The LOC investment committee has over 120 years of collective experience in the financial services industry. The average tenure of the entire LOC staff is over 20 years. LOC Investment Advisers provides investment management and investment advice to clients in thirty states. The company provides its asset management services to individuals, foundations, pension and 401(k) profit sharing plans, trusts, estates, charitable organizations and corporations.

Client profiles vary but the common characteristic of each client is a desire to delegate the management of their investment capital to a firm and process they can trust. The sole product of the company is a fee-based investment management and advisory service. The LOC investment management process is one that has evolved over time and the investment management team is committed to continual improvement of its process to ensure that it keeps up with the best practices in the profession for managing a balance between risk and reward. In order to provide sufficient options for its clients, LOC's investment management team designs, builds and maintains a select number of model strategies that vary in risk and return goals, volatility, income needs and net exposure to risk. Strategies also vary in management style from tactical active management to strategic passive management. LOC's advisers then work with each client to help choose from one or a combination of managed investment strategies that best fit their circumstances and risk-return expectations. Client portfolios are managed on a discretionary basis with a goal of achieving the client's stated performance objective with a level of risk that is acceptable to both the client and the adviser. LOC obtains sufficient client information to be able to provide customized solutions through their model strategies for every client. The company manages each client portfolio on the basis of the client's financial situation and investment objectives, allowing for clients to impose reasonable restrictions. Investments predominantly utilized by the adviser are no-load mutual funds and exchange traded funds; however, the process can use different securities including equity securities and fixed income securities when deemed appropriate. As of December 31, 2018, LOC had \$588,828,878 in regulatory assets under management on a discretionary basis

## Item 5 – Fees and Compensation

The annual fee for LOC's Investment Advisory services is billed quarterly in arrears and this fee is LOC's only form of compensation. At the end of each calendar quarter, the client's portfolio will deduct/will be billed a fee that is one-fourth of the annual fee, calculated as a percentage of assets under management, according to the annual fee rate schedule listed below:

### LOC Fee Schedule

*Benchmark Series\** 0.30% flat

*All other Investment Series\*\**

<b><u>Aggregate Billing Group Size</u></b>	<b><u>Annual Fee %</u></b>
\$0 - \$2,500,000	1.00%
\$2,500,001 - \$10,000,000	0.50%
\$10,000,001- Above	0.20%

*\* Assets allocated to the Benchmark series are charged a fee lower than traditional management, because this series owns only passively managed funds.*

*\*\* Billing Example: If a client has \$5,000,000 under management with LOC, the first \$2,500,000 is billed at 1%. The next \$2,500,000 is billed at .50 for an aggregate rate of .75.*

We calculate fees based on aggregate billing (excluding the Benchmark Series). This allows family members and/or key employees of corporate, institutional or retirement plan accounts to calculate their fee based on total billing group size, instead of by household.

When portfolios or aggregate billing groups have balances below \$500,000, the portfolios will be billed at the annual rate of 1.25% not to exceed \$1,250 per quarter. LOC recommends that new clients should have a minimum investment of \$500,000 in their portfolio. LOC reserves the right to establish a higher account minimum based on geographic location, time, expense, and servicing requirements. LOC also reserves the right to accept a lower account minimum.

### GENERAL INFORMATION ON FEES

*Negotiability of Fees:* LOC asset management fee rates are not negotiable.

*Fee Calculation:* The Client will be billed quarterly in arrears at one-fourth of the annual fee calculated as a percentage of net assets under management on the billing date. The quarterly management fee will be automatically deducted from the account when authorized.

*Aggregate Billing:* The investment management accounts of immediate family members and/or employees may be pooled for the billing calculation to provide a discount for multiple accounts for the same client. Retirement accounts of a business or professional practice will be added to the accounts of the business owner-executive or professionals to provide for an aggregate billing for accounts with a common employer.

The fee charged is calculated as previously stated and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client account (Section 205(a) (1) of the Investment Advisers Act of 1940, as amended.)

*Termination of Advisory Relationship:* The Advisory Agreement specifying the terms referenced above shall automatically renew on an annual basis unless terminated. Upon termination of any account, any earned and unpaid fees will be due and payable. Either party may terminate this Agreement with a written notice to the other or by telephone, fax, electronic mail, certified or registered mail, sent to LOC Investment Advisers at P.O. Box 537 Hurricane, WV 25526.

*Mutual Fund Fees and Expenses:* LOC is a fee-only investment adviser. This means LOC's *only* compensation is the fee paid for by its clients for investment management services. The fees paid to LOC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds or transaction fees charged by the custodian. Fund fees and expenses are described in each fund's prospectus, and will generally include a management fee and other fund expenses. Although a client can invest in some mutual funds directly, we believe there is a significant advantage to working with an experienced adviser. For example, as a client of LOC, a client has the opportunity to receive more favorable, institutional share class pricing and also have access to some mutual funds that are closed to the general public. Additionally, by working with LOC, the client has the ability to receive experienced advice and tailored investment selection related to each client's financial conditions and objectives.

There may be custodian short term redemption charges and/or mutual fund contingent redemption fees (CRF) associated with the short-term sale and redemption of certain securities (90 days or less). Accordingly, the client should be aware of the fees charged when buying and selling funds and possible transaction costs for trade execution at the custodian to fully understand the fee structure unrelated to LOC asset management fees. This disclosure is provided to help the client evaluate the advisory services being provided.

*Advisory Fees in General:* Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

LOC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

LOC provides investment management services to individuals, foundations, pension and profit-sharing plans, trusts, estates, charitable organizations and corporations. We currently have clients in thirty states.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The LOC investment process combines the user-friendly features of traditional asset management with some additional techniques that differentiate our process.

With LOC, investors enjoy the characteristics of traditional asset management, including:

- holding your own portfolio of investments with a third-party custodian
- a transparent process
- daily liquidity and pricing
- mandatory regulatory review
- ease of deposits and withdrawals

Additional features with some of our strategies that differentiate:

- pursuit of absolute, in addition to relative, performance goals
- hedging investment techniques
- positioning occasionally greater or less than 100%
- prudent and modest use of leverage

## **Investment Selection**

The Adviser uses stocks, bonds, exchange traded funds, low cost index funds and a select group of actively managed mutual funds to implement its investment process. Furthermore, the Adviser will use institutional shares when they are available and appropriate to help control the overall expense of the portfolio.

When selecting actively managed funds, the Adviser has identified managers who have demonstrated:

- A track record of excellent, risk-adjusted performance
- An understandable methodology that the Adviser believes to be durable
- Proven risk management techniques
- Adequate infrastructure and resources to enable the continuity of process
- A reasonable fee based on the expected value added

Typically, the managers take a global perspective and use a wide array of asset classes and have the ability to vary allocations when they deem appropriate. The collection of managers uses a variety of risk management practices.

The Adviser then creates model strategies from these individual investments. Ultimately, the Adviser aims to allocate the funds within the portfolio in a way that will create a synergistic outcome, where the results are greater as a portfolio than with any individual investment.

## **LOC Strategies:**

LOC provides a number of different model strategy options to its clients, which vary in risk and return goals, volatility, income needs and net exposure to risk. With these options, our advisors design custom portfolios according to each client's financial needs and risk parameters. Strategies are categorized by three management types.

Benchmark – 100% passive investments. No tactical risk management provided. As such, we charge a lower management fee.

Strategic – Portfolios have a strategic allocation to actively managed institutional funds. The majority of risk management provided is by the underlying fund managers.

Tactical – Portfolios start with a strategic allocation to traditional fund managers. Portfolios are also tactically managed by LOC. We have the flexibility to alter net risk as conditions warrant.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of LOC or the integrity of LOC's management. LOC has no information applicable to this item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

LOC is affiliated through ownership and control with The LanDell Company, LLC, an entity that the founders own. Clients have never been solicited to invest in this entity.

LOC is also affiliated through both ownership and control with LOC Financial Products Company which receives trail commissions for insurance transactions implemented by David Lanham or Robert O'Dell early in their careers when registered as insurance agents/brokers. Neither individual will implement insurance transactions for clients and have not done so since the early 1990's.

## **Item 11 – Code of Ethics**

LOC has adopted a Code of Ethics which sets forth high ethical standards of business conduct that LOC requires of its employees, including compliance with applicable Federal and State Securities laws. LOC's Code of Ethics includes policies and procedures for a quarterly review of employee securities transaction reports as well as initial and annual securities holdings reports that must be submitted by LOC's covered persons. Among other things,

LOC's Code of Ethics also requires each employee to receive the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. LOC's Code of Ethics also includes oversight, enforcement and recordkeeping provisions. LOC or individuals associated with LOC do own, and/or buy and sell the same securities that are utilized for clients for their managed accounts.

LOC has a firm-wide policy that no person employed by the firm may purchase or sell any security before a transaction being implemented for a client, therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. LOC and any related person(s) do have an interest or position in certain security(ies) which are also owned for clients. To avoid any conflict of interest, LOC has established the following restrictions to ensure its fiduciary responsibilities:

1. A director, officer or employee of LOC shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of LOC shall prefer his or her own interest to that of the advisory client.
2. LOC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
3. Any individual not in observance of the above may be subject to termination. LOC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Chief Compliance Officer, Robert O'Dell.

LOC has a policy stating that the firm will not affect any principal or agency cross securities transactions for client accounts. LOC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This is not applicable at LOC Investment Advisers since 100% of compensation is fee based.

## **Item 12 – Brokerage Practices**

Client assets must be maintained in an account at a *qualified custodian*, generally a broker dealer or bank. LOC does not maintain custody of client assets although we may be deemed to have custody of client assets if a client gives us authority to withdraw assets from their account (see Item 15 – Custody, below). Most of our clients utilize Charles Schwab & Co., Inc. (Schwab), a registered broker dealer, member SIPC, as the qualified custodian. LOC is independently owned and operated and is not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy or sell securities when we provide those instructions. While LOC is utilizing the Charles Schwab program, each client must direct that Charles Schwab & Company be designated as the broker dealer through which transactions are to be executed.

You will decide whether to open your account with Schwab by entering into an account agreement directly with them. Clients should note that LOC believes by utilizing one primary custodian (Schwab), clients will have the best opportunity to receive favorable pricing for asset custody services and transaction costs over a long-term investment time horizon. For our clients' accounts that Schwab maintains, Schwab does not charge you separately for custody services but is compensated by charging transaction expenses or other fees on trades that it executes or that settle into your Schwab account.

Schwab also makes available to us other products and services that benefit us. These products and services assist us in managing and administering our clients' accounts. They include technology that provides access to client account data, facilitate trade execution and allocate aggregated trade orders for multiple client accounts, provide



pricing and other market data, facilitate payment of our fees from our clients' accounts and assist with back-office functions, recordkeeping, and client reporting. Schwab also offers other services intended to help us manage and further develop our business enterprise. Schwab provides these services to all advisers who participate in their Advisor Services program that maintain at least \$10 million of their assets at Schwab. While some Schwab services are utilized, LOC pays for all staff continuing education, regulatory compliance consulting, information technology, due diligence, research and other operational necessities using LOC funds, which further demonstrates our independent status.

#### **Item 13 – Review of Accounts**

Underlying securities within each of the LOC model portfolios are monitored by either the CIO or another member of the Investment Committee. Individual client account reviews vary in frequency. At the onset of the client/adviser relationship, together, the client and adviser will determine the appropriate frequency to meet to ensure strategy selection fit. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, major changes in financial markets or changes in the economic environment. Clients will receive statements from the custodian at least quarterly which include account activity and confirmation of trade activity. LOC will provide quarterly reports that include a review of the portfolio assets and performance.

#### **Item 14 – Client Referrals and Other Compensation**

The only compensation LOC receives is derived from clients for asset management services provided. The adviser does not receive any compensation in advance for its service nor do they receive any compensation from transaction fees or commissions, which helps to maintain the independence and objectivity of judgment. LOC is not currently participating in an active client referral arrangement. In the past, LOC briefly participated in the Schwab Advisor Network referral program for which it continues to compensate Schwab for one client referred to LOC.

#### **Item 15 – Custody**

Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. LOC urges each client to carefully review such statements and compare such official custodial records to the account statements that we provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

LOC receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to LOC in writing. Policies exist for restricted assets; if an individual wishes to have full or partial discretion regarding the purchase or sale of assets, it is recommended that a self-directed account be established.

#### **Item 17 – Voting Client Securities**

Advisory clients typically elect to delegate their proxy voting authority to LOC. Alternatively, clients may, at their election, choose to receive proxies related to their accounts. When LOC has discretion to vote proxies of clients, it will vote those proxies in the best interest of each client and in accordance with LOC's established proxy voting policies and procedures. Clients may obtain a copy of LOC's complete proxy voting policies and procedures by contacting Robert O'Dell, Chief Compliance Officer, at LOC's principal office address. Clients may also request information on how proxies for their shares were voted.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about LOC's financial condition. LOC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and is not the subject of any bankruptcy proceeding.